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COUNTRY PROGRAMMES, MID-TERM REVIEWS AND RELATED MATTERS

Sixth country programme for Kenya

Programme period	Resources	$
January 1993-December 1996	Net IPF	41 849
	Estimated cost-sharing	39 014
	Total	80 863

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Over the last four years, the Kenyan economy performed very poorly. Some of the factors contributing to this situation were the decline in the agricultural and manufacturing sectors, due to perristent drought conditions, poor prices for principal export commodities (tea and coffee), and stagnation of export earnings at a time when import prices (in domestic currency) were rising.

2. Gross domestic product (GDP) grew at modest rates of 4.3, 2.3 and 0.4 per cent in 1990, 1991 and 1992, respectively, with estimates for 1993 showing a slightly higher rate of 0.8. The projected growth rate for 1994 is 2.8 per cent. The last three years have also been characterized by high inflation, growing by more than 15 per cent annually. In 1992 an inflation rate of 27.5 per cent was recorded; for 1993 it was estimated at more than 45.4 per cent. Considering the need to develop the production base through investment, the recent decline of the investment-GDP ratio in 1992, which dropped to 16.1 (compared to 25 in 1990), needs to be reversed. In 1993, severe pressure in external accounts led to large devaluations. Flaws in management of financial institutions led to the rapid increase of money supply, with adverse consequences to the economy.

3. In November 1991, donors suspended quick-disbursing external resources; this also played a role in the country's poor economic performance. Kenya has traditionally been a major recipient of official development assistance ($989 million in 1990) and, in view of this, the significant reduction in aid flows following the November 1991 Consultative Group meeting, specifically in quick-disbursing balance-of-payments support resources, has had serious negative effects on the public and private sectors.

4. This adverse economic situation created a difficult social context in the country. Kenya ranks 114 out of 160 countries on the UNDP human development index; 44 per cent of the population, estimated at 24 million, live below the poverty line. The annual population growth rate is 3.8 per cent and the gross national product (GNP) per capita was $360 in 1990. Only 30 per cent of the population has access to safe water. Kenya faces a major unemployment problem. It is estimated that the labour force will reach 14 million by the year 2000. Modern sector employment and rural employment are expected to increase by only 4.1 and 3.8 per cent, to 1.6 million and 7.7 million, respectively, by the end of the century. Under those circumstances, 4.7 million persons will be unemployed in the year 2000.

5. Aid flows are to be resumed on condition that Kenya implement desirable social and economic reforms. The Government has initiated reforms in the political system through the evolution from a de jure, one-party political system to a multi-party form of government. In December 1991, the constitution was amended to create a multi-party political system and in December 1992 national elections were held which were won by the party then in power, the Kenya African National Union.

6. During the course of 1993, the Government redoubled its efforts to implement social and economic reforms. Measures were taken to enhance accountability, address corruption and discourage discrimination against women and disabled persons. External and internal trade were liberalized. An action plan for civil service reform was formulated and approved by the Government. Staff cutbacks in both the central government and parastatal organizations is ongoing. To alleviate adjustment problems of affected public servants, the Government has provided safety net payments and tax benefits. A major programme of parastatal restructuring and privatization is also being implemented.

7. At the November 1993 Consultative Group meeting, donors noted the progress made by the Government in implementing social and economic reforms and resolved unanimously to reactivate quick-disbursing resources and provide new assistance to Kenya. The government reform programme is still under way.

B. National development objectives and strategies

8. Resource mobilization for sustainable development is the principal theme adopted for the new National Development Plan (1994-1996). The theme is broad and entails the adoption of a strategy with a wide variety of sub-themes, including achievement of high growth rates for the economy (GDP) and employment; equity in income distribution; improvement in the environment and use of resources; capacity-building in terms of human resources and institutions; and increasing domestic savings and inflow of external resources.

9. The National Development Plan outlines a strategic agenda for sustainable development in Kenya which seeks to: ensure an equitable and sustainable pattern of development; sustain growth to meet the needs and aspirations of the majority; reduce widespread rural and urban poverty; modify the rate and distribution of population growth; ensure sustainable agriculture and increase food security; improve human and environmental health; provide adequate shelter and services, especially for the poor; conserve and enhance the environment and natural resource base; make efficient use of energy and expand the use of new and renewable sources; ensure sustainable industrial production and use of environmentally sound technologies; improve national and local capacity for sustainable development planning and management; and strengthen international cooperation and programmes in support of sustainable development.

10. In summary, the strategic agenda implies a priority development focus on growth and reduction of poverty; capacity-building through human resources development; conservation and improvement of the environment and natural resource base; and governance and employment. This focus builds on the experience of the fifth country programme, the development goal of which was employment generation. Lessons drawn from the implementation of the fifth country programme point to the need for greater focus and concentration of resources on small-enterprise development to enhance the impact of UNDP assistance in Kenya.

11. The strategy proposed to avert further growth in unemployment includes: diversifying the export base; expanding small-holder agricultural production and micro and small enterprises; improving infrastructure; and incorporating the

small- and medium-enterprise programme fully into the overall export promotion strategy. Community-based organizations and local government institutions will participate actively in the implementation of the strategy.

12. In view of the strategic agenda adopted by the Government and summarized in preceding statements, UNDP support is needed in the following broad areas: governance and participatory development; capacity-building for economic management and management of the development process; and promotion of small- and medium-scale enterprise development and employment. These themes provide a framework for more focused subprogrammes at macro and sectoral levels, and also at national, district and local levels.

II. EXTERNAL COOPERATION

A. Role of external cooperation

13. Throughout the 30-year post-independence period, Kenya has sought and encouraged the inflow of external financial resources and technical cooperation to supplement domestic resources for development and promotion of economic activity. In 1991, Kenya received $841 million in assistance, 53 per cent in the form of loans and 47 per cent in the form of grants. External resources account for much of the public sector development budget and about 10 per cent of annual investment in Kenya. The annual balance-of-payment current account characteristically has an adverse balance, which is covered by a surplus in the capital account. Maintenance of a surplus in the capital account is essential if investment and level of economic activity are not to be compromised. To date, the external debt implications of continued inflows of resources have largely been contained, as the country has been able to service its external debt with some rescheduling. In 1992 the external debt service level was 30 per cent of export earnings.

14. Kenya is privileged to have a large number of multilateral and bilateral donors. The World Bank and the European Development Fund are the largest multilateral sources of development loans. In the 1993/94 development budget, these organizations will contribute 80.8 per cent of external resources for projects. The United Nations system has commitments to finance, as grant aid, 11.1 per cent of the 1993/94 development budget's external component. The Government of Japan is the leading bilateral donor, whose share of loans to Kenya in the 1993/94 budget is estimated at 22.9 per cent of total bilateral aid contributions. The major donors, listed in the order of estimated levels of their contribution to the current fiscal year budget, are the Governments of Japan, the United Kingdom of Great Britain and Northern Ireland, Germany and the United States of America.

15. In relation to the sectoral distribution of aid from United Nations agencies, it should be noted that health and human resources development in 1991 accounted for 38 per cent of total United Nations assistance to Kenya. The other sectors that received substantial United Nations resources were humanitarian assistance, agriculture and economic management. Sectors that ranked high on the list of multilateral assistance were: economic management, transport, international trade, agriculture and social services development.

B. Aid coordination arrangements

16. The identification of the need for donor financing and the administration of those funds are integral components of the Government's budgeting, investment planning and expenditure management processes. While this is a continuous process, it begins with the broad macroeconomic and sectoral framework provided through the National Development Plan. Within this framework, the Public Investment Programme is developed by the Ministry of Planning and National Development. Budget and development estimates are then prepared by the Ministry of Finance with three-year expenditure forecasts, modified to fit within the shorter-term fiscal framework. Expenditures then take place in accordance with the Government's financial procedures and the established budget processes.

17. The External Resources Department of the Ministry of Finance has the primary responsibility for coordination of donor financing, including the identification of sources of official development assistance and negotiation of donor agreements. In liaison with the donors and line ministries, the Department provides estimates of donor commitments as inputs to the budget process and has primary responsibility for processing disbursements of donor funds.

18. Efforts are required to improve aid management and coordination processes and further develop the institutional linkages between macroeconomic planning, investment planning, budgeting, expenditure management and donor commitments and disbursements. Strengthening of the External Resources Department is also required through staff training and the development of management information systems to facilitate processing of disbursements and better communication among donors, government planners and implementing agencies. UNDP has provided leadership in coordinating aid given to the Government of Kenya through the United Nations agencies. UNDP provides support to government efforts to improve aid coordination and has launched a national technical cooperation assessment and programmes (NATCAP) process.

19. The World Bank plays a major role in coordinating aid activities, particularly through Consultative Group meetings and monthly donor meetings.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

20. The fifth country programme was designed around the theme of employment creation and drew considerably from the objectives, strategy and policy framework outlined in Sessional Paper Number 1 of 1986 entitled "Economic Management for Renewed Growth". The main objectives of the programme were: (a) improving the environment for policy design; (b) strengthening national programmes for self-employment; (c) sustaining employment programmes; and (d) increasing efficiency and productivity in selected public services. The total indicative planning figure (IPF) was $46,952,000.

21. The mid-term review of the fifth programme, conducted in March 1990, recommended the programme be redefined under the sub-themes of:

(a) small-enterprise development and informal sector; (b) economic management; (c) assistance in technical areas; and (d) rural development.

22. The small-enterprise development projects have been assessed as having had a great impact in establishing national awareness of the role of small enterprises in employment creation and development. A major output was the preparation, adoption and approval by Parliament of the Sessional Paper Number 2 of 1992 on "Small Enterprises and Jua Kali Development in Kenya". Review and continuous assessment of programmes and policies outlined in the Sessional Paper are carried out by the National Coordinating Committee of the Office of the Vice-President and Ministry of Planning and National Development. The Committee has established several subcommittees to deliberate further development issues relating to small-scale enterprises. These subcommittees are organized under the following subject areas: policy, credit, non-financial promotion programmes and gender-specific issues. Results of assessments will be incorporated in programme implementation.

23. Economic management projects improved the effectiveness of tax administration systems. Specific examples of steps taken include the introduction of payment of taxes in instalments, the income tax self-assessment system, the introduction of a personal identification number system and the contracting of pre-shipment inspection services intended to improve customs duty valuation. The new taxation measures broaden the tax base to include additional sectoral activities, e.g., strengthening the collection of urban land taxes, strengthening tax administration by adopting stiffer penalties for cases of tax evasion and placing strict legal limits on tax exemptions. Economic management measures include policy reforms for stabilization and structural adjustment of the economy, measures for budget rationalization, public investment planning, budget implementation and monitoring and the monitoring and evaluation of project performance. Rural development projects provided support to the promotion of community participation and training in improved farming systems and management practices for an increase in small-holder farm outputs. Projects in technical areas provided support to infrastructure development. In 1992 and 1993, considering pressing national needs subprogrammes were formulated in areas of drought recovery and rehabilitation of displaced persons.

24. The period during which the fifth country programme was implemented was characterized by socio-economic problems that did not provide an ideal environment for the implementation of subprogrammes. The absorptive capacity of the economy was adversely affected by low growth, while public enterprises became a liability to the Exchequer. Many of the economic and social reforms that were implemented by the Government in 1992 and 1993 are part of the continuing policy reforms that cover the financial sector, public sector, trade and exchange rate reforms, price decontrol and sector-specific reforms, e.g., those in agriculture, small-scale industries and enterprises, education, health and the environment. They address the major problems that hindered the fifth country programme in having a greater impact on the overall economy. Assessment of the ongoing programme has led to greater consideration being directed to: the impact of programmes on ultimate beneficiaries, the development of databases of local consultancy services and greater use of national specialists, capacity-building and institutional development.

B. Proposals for UNDP cooperation

1. Preparatory process

25. The sixth country programme is a product of inter-ministerial consultations within the Government in collaboration with UNDP officials. Inter-ministerial working groups were established to formulate cooperation programmes under the following sub-themes: human resources development for improved economic and financial management; rural development, including initiatives for disaster management, displaced persons and drought recovery; support to environmental protection and natural resources management; and micro and small-enterprise development and employment creation. These working groups were chaired by senior government officials, while UNDP officials served as secretaries to the groups.

2. Strategy for UNDP cooperation

26. UNDP strategy will focus on capacity-building for policy formulation and implementation in the country programme areas of concentration and will assist the Government in its resource mobilization efforts. UNDP will use the programme approach to help the Government mobilize donor consensus on the national programmes and therefore attract funding from bilateral and multilateral agencies. IPF resources will also be used as seed money to start urgently needed activities to establish the critical capacity required to allow other donor assistance to be used effectively.

3. Proposed UNDP cooperation in selected areas of concentration

27. The sixth country programme is based on the development strategy outlined in the Seventh National Development Plan, covering the 1994-1996 period, and on other policy statements, including: Sessional Paper Number 1 of 1986 on economic management for renewed growth; the conclusions of the March 1990 mid-term review of the fifth country programme; the report on the national programme on resource mobilization for sustainable development, a product of an inter-ministerial task force in which UNDP participated; and the recommendations of the Consultative Group meetings of 1991 and 1993, especially in the area of governance and accountability.

28. The orientation of UNDP support in Kenya will be based on the need to: (a) support participative development, effective governance and democratic development; (b) strengthen capacity for economic management and management of the development process; (c) promote small- and medium-scale enterprise development and private sector initiatives; (d) address major social problems relating to displaced persons, the threat of the human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) to society and relief needs arising from drought conditions; and (e) improve the environment and use of natural resources. The five themes are linked and reinforce the major development theme of the Seventh Plan to mobilize resources for sustainable development. They also fit within the framework of the three broad themes of the sixth country programme: governance and participatory development,

capacity-building for economic management and development process and promotion small- and medium-scale enterprises and employment.

Capacity-building for governance and development

29. Capacity for effective governance requires developing legal, legislative and administrative structures and policies to promote productivity, transparency and official accountability in the use of public resources and public confidence in public services. Further promotion of democratic development requires the participation of the population in policy formulation and in development planning and implementation. Non-governmental, community and grass-roots organizations are important instruments and should be assigned roles in these efforts. In July 1983, adoption of the District Focus Strategy as the approach for promoting development at the local level provided a landmark in the process of decentralizing governance, thus allowing greater access to decision-making at the district and local levels.

30. Components of the sixth country programme include the following:

(a) Promotion of good governance and accountability through supportive programmes of assistance for: (i) the Office of the Controller and Auditor-General to improved accountability in the public sector; (ii) strengthening of appropriate departments in the Attorney General's chambers regarding public prosecutions, legislation and legal reform; (iii) development of computerized information systems to replace the current system of open bins and shelves for the storing and retrieval of legal records in the Attorney General's chambers; and (iv) strengthening regulatory structures for transparency in government operations;

(b) Promotion of democratic development through support to programmes on: (i) policy implementation for decentralization of decision-making to district and local governments to enhance popular participation in the development process, in the context of a pluralistic political system; (ii) requisite capacity-building in district and local governments for the effective assumption of responsibility associated with the devolution of decision-making powers from the centre; (iii) development of demographic databases, and support to institutions and legal structures entrusted with the electoral process with respect to the organization and observation of free and fair elections; and (iv) improvement in the compilation, processing and dissemination of legislative records in the Office of the Clerk of the National Assembly;

(c) Strengthening of institutions, systems and processes of economic management for recovery and growth, through support to: (i) civil service reform; (ii) budget rationalization and tax reform programmes, public investment programming and evaluation, economic policy-making and management; (iii) systems and processes for enhancing accountability in the management of public resources; and (iv) public enterprise reform and privatization programmes, including rationalization of the operations of parastatal organizations, broadening their base of ownership, with the view to reducing their administrative and financial burden on the central government and enhancing entrepreneurship development for employment creation.

Improved management of the development process

31. Capacity in the identification, formulation, implementation, monitoring and evaluation of political, economic, social and environmental policies and programmes needs to be enhanced both in the public and private sectors. This is essential for improved development management. The collaboration of such institutions as the African Capacity-Building Fund and National Long-Term Perspective Study will be sought.

32. An inefficient civil service constrains the performance of the private sector through obstructive licensing procedures, non-tariff barriers and administrative rules and regulations. Critical areas of focus for improved management include civil service reform; rationalization and restructuring of strategic parastatal organizations and privatization of non-strategic ones; policy analysis for sustainable human development; enhanced capacity in macro-planning, including environmental management; the socio-economic impact of HIV/AIDS; and increased attention to social considerations in formulating and implementing policy reforms.

33. Components of improved management of the development process, in terms of expected outputs, include the following:

(a) Enhanced capabilities for effective development planning, policy formulation and implementation and policy analysis for sustainable human development, through support to: (i) national programmes designed to build capabilities and constituencies for the formulation and implementation of home-grown policy reforms and the management/coordination of external resources;

(b) Strengthened institutional capacity for the articulation, implementation, evaluation and analysis of social policies, through support to: (i) the promotion of gender-sensitive development policies and programmes, including training to expand the scope and role of women in planning, policy design and implementation and management; (ii) the formulation of a social dimension of development policy designed to mitigate the short-term impact of adjustment measures on the poor and vulnerable groups (including policies contributing to poverty alleviation) and integrate social policies and consideration of welfare perspectives in medium- and long-term planning; (iii) the formulation and implementation of the national HIV/AIDS prevention policy, particularly public education involving the formal and informal sector, the civil service and parastatal organizations, to cope with the socio-economic impact, obligations towards afflicted employees and the programming and implementation of initiatives designed to offset the negative impacts;

(c) Improved capacity for management of drought and the problems of displaced persons through: (i) capacity-building for disaster management in the context of an emergency relief-development continuum; and (ii) emergency and development programmes for populations affected by ethnic disturbances;

(d) Support to environment and natural resources management through: (i) monitoring and analysing the impacts of activities of the nation openly and democratically and using available knowledge creatively to solve problems; and (ii) implementing strategies outlined in the Seventh National Development Plan

to improve the environment, which include developing the necessary capacity (manpower, facilities, institutional framework) to carry out environmental impact assessments; strengthening the effectiveness of environmental laws and regulations; applying environmental economics and participatory approaches in support of sustainable human development; and providing training to government officials and NGOs and education to the public on sustainable development.

34. A long-term National Environment Action Plan (NEAP) is being developed by the Government and will address the issues of policy, institutional and legislative frameworks; economic incentives; biodiversity; water resources; environmental pollution control and waste management; human settlements and urbanization; community participation and public awareness; desertification and drought; sustainable agriculture and food security; and a national environment information system.

35. Kenya benefits from environmental programmes supported by the Global Environment Facility (GEF) and the Multilateral Fund of the Montreal Protocol. A programme to phase out ozone depleting substances, under the Montreal Protocol, is being prepared, facilitated by UNDP. A national GEF review panel co-chaired by UNDP has been established and a process of formulating national strategies within the thematic areas of global environment issues, e.g., biodiversity, climate change, international waters and desertification, has been initiated. The GEF Small Grants Programme will continue to support NGOs and community groups in their efforts to reconcile global environmental issues with local needs. Using participatory methods, the Africa 2000 Network has been able to involve community groups in the process of protecting the environment.

36. The United Nations Conference on Environment and Development (UNCED) highlighted the need for capacity-building programmes in the implementation of Agenda 21. UNDP programme activities in Kenya will include a Capacity 21 programme, to assist the country in formulating development goals, plans and programmes that lead to sustainable development in economic, social and environmental terms, and to enhance the capacity of the country to formulate and implement sustainable development policies. This will include the following: promoting sustainable human development strategies and policies; building institutional capabilities and strengthening human resources; enhancing public participation; and developing environment and resource management tools.

37. Particular emphasis will be given to organizational issues and harmonization of policies and plans, with the aim of achieving high impact through improved coordination and collaboration. The identification of institutions, training needs, participatory approaches, strategies, policies and technologies to be supported will be closely linked to the NEAP process, the Seventh National Development Plan and regional and global initiatives. Additional support will be given to activities concentrating on public participation and human resources development at the national and district levels.

Promotion of small- and medium-scale enterprises and employment

38. Government development policy accords the private sector a crucial role in the economy. A component of the strategy entails promotion of entrepreneurship

through technical training and support for micro, small- and medium-scale businesses. The small-enterprise sector in Kenya consists of business units employing up to 50 persons and covers a wide range of productive activities that respond to market opportunities. Official employment projections to the year 2000 indicate that about 75 per cent of all new jobs in the urban sector will be generated by the small-enterprise sector. In the rural sector it is estimated that approximately 50 per cent of new non-farm jobs will be in small-scale enterprises. That sector has a crucial role, therefore, in alleviating poverty and creating employment. Some 1 million job seekers will join the labour market each year until well into the next century; yet fewer than 50,000 new jobs are likely to be available each year in the formal sector. The challenge this presents is formidable. Specific objectives aimed at reducing unemployment will, therefore, include expanding and diversifying the export base. Such diversification should also concern micro and small enterprises. In this regard, cooperation programmes undertaken with UNDP support will include specific support measures for incorporation of micro and small enterprises into the export base.

39. The programme for micro, small- and medium-scale enterprises will focus on policy and regulatory environment, training, counselling, improved physical infrastructure, improved technology and improved access to capital, credit and marketing outlets, both domestic and foreign.

40. Components of the programme, based on expected outputs, are the following:

(a) Improved environment for micro, small- and medium-scale enterprise development and growth in employment, through support to: (i) empirical situation analyses of poverty in Kenya as an input in exploiting opportunities offered by micro and small enterprises for employment and poverty alleviation; (ii) selected rural, small-scale agricultural and agro-industrial/commercial production programmes for employment creation; (iii) the implementation of relevant policies contained in Sessional Paper Number 1 of 1992 on development and employment, Sessional Paper Number 2 of 1992 on small enterprise and Jua Kali development and the development of other policies and strategies on skills development, effective utilization of human resources and the promotion of income-generating activities through self-employment; (iv) the development of appropriate policies on technologies for resource and energy efficiency in small-enterprise development; and (v) the introduction of programmes on environmental concerns as major components of business planning;

(b) Greater access to credit by micro and small-scale enterprises, through support to: (i) the development of appropriate strategies and programmes on the mobilization of loans through informal sector financial services; (ii) the promotion of improved access to credit by women, with measurable annual increases in the volume and number of women beneficiaries; and (iii) programmes and strategies to enable informal sector entrepreneurs to use the formal banking system;

(c) Enhanced productivity in small- and medium-scale industries, through support to: (i) the implementation of a national industrialization policy for their promotion; (ii) the development and growth of small-scale industries both horizontally and vertically for enhanced employment opportunities through

expansion of subcontracting exchange and other networks for effective linkages to small enterprises; (iii) the transfer, acquisition, dissemination and adaptation of appropriate technologies and promotion of quality control; (iv) support to the enhancement of medium- and small-holder farms for the promotion of food security through appropriate strategies on research, production, extension services, pricing policy, marketing, distribution and processing of agricultural produce; and (v) expansion of programmes for women entrepreneurs, with a focus on business counselling and extension services for women working in both traditional and non-traditional activities;

(d) Support measures designed to incorporate the small- and medium-scale enterprise development programme into the overall export promotion strategy, through: (i) establishment of databases related to potential exports of small- and medium-scale enterprises; (ii) establishment of an advisory unit or centre for provision of market information related specifically to products of small- and medium-scale enterprises; and (iii) financial/technical support for recruitment of foreign-based experts to look into the development of external markets for the products of small- and medium-scale enterprises.

41. The three programmes are mutually reinforcing. Promotion of a multi-party political system, good governance and accountability are necessary conditions to improve management of the development process and sustain socio-economic development. Micro, small- and medium-scale enterprises are the focus of the employment dimension of envisaged programme activities. They could not flourish without a macroeconomic policy environment that encourages commerce and entrepreneurship. Similarly, good governance and favourable economic performance could not be sustained without improved capacity for human resources development, based on democratic institutions, and a symbiotic private-public sector relationship for the maintenance of investor confidence and growth of the private sector.

C. Implementation and management arrangements

42. The approach will shift from project orientation to the programme approach and from international agency execution to national execution. The programme approach has the advantage of providing a better focus on the national socio-economic and macro-oriented policy framework, while national execution reinforces ownership of the programme and improves sustainability. The programme approach also calls for participatory development, through which society becomes involved in programme and project design and responsibility for execution. The execution and implementation responsibilities will be distinct from one another.

43. As regards implementation, the designated executing agency will, on the basis of exhaustive enquiries, determine the implementation arrangements required to achieve full programme implementation and to enhance future sustainability. Prospective candidates for implementation include: government ministries, departments and agencies, United Nations specialized agencies, private sector organizations and enterprises, professional associations and NGOs.

44. The Government has requested that UNDP provide resources, both human and financial, to strengthen the capacity of national institutions designated to execute and/or implement programme components. Under the joint-programming modality, UNDP, the World Food Programme, the United Nations Children's Fund and the International Fund for Agricultural Development will identify possible programme components for joint-funding under the auspices of the Joint Consultative Group on Policy (JCGP) and the country strategy note. (This will be complemented by inputs from the United Nations Disaster Management Team, which will endeavour to identify areas where joint activities can be initiated to mitigate disasters.)

45. Programme support documents covering the major thematic areas on governance and participatory development, capacity-building for management and the development process and small- and medium-scale enterprises development will be prepared in which special attention will be given to the institutional framework and management requirements, funding needs and possible resource mobilization and specialized services that United Nations and other agencies could provide to ensure successful implementation. At the central level, the programme will be managed by a National Programme Management Committee, which will be responsible for steering the implementation of programme components, with each component administered by a manager appointed by the designated executing agency.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	6 101
Fifth cycle IPF	46 891
Actual expenditure	(11 143)
IPF available	41 849
Project cost-sharing (Government)	514
Project cost-sharing (third party)	21 500
Programme cost-sharing a/	17 000
Cost-sharing	39 014
TOTAL RESOURCES	80 863

II. ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION (IPF + cost-sharing)

	Area of concentration	Thousands of dollars			Percentage of total resources
		IPF	Cost-sharing a/	Total	
A.	Capacity-building for improved governance and participatory development	4 805	6 500	11 305	14.0
B.	Improved management of development process	12 814	20 000	32 814	40.6
C.	Employment creation through small-enterprises development	11 213	12 514	23 727	29.3
D.	Miscellaneous	-	-	-	-
	Subtotal	28 832	39 014	67 846	83.9
E.	Unprogrammed reserve	13 017	0	13 017	16.1
	TOTAL	41 849	39 014	80 863	100

a/ Estimated.

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III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds		
SPR	750	
SMF/LDC	-	
UNSO	150	
UNIFEM	750	
FAO	-	
MDP	500	
Subtotal		2 150
B. Other United Nations resources		
JCGP participating agencies		
UNFPA	13 600	
UNICEF	52 000	
WFP	28 400	
IFAD	50 000	
Other United Nations agencies (non-UNDP financed)		
UNDCP	2 000	
Global Environment Facility	2 300	
Subtotal		148 300
Total non-core and other United Nations resources		150 450
C. Non-United Nations resources		
Montreal Protocol		400
TOTAL		150 850

IV. EXPECTED RESOURCE FLOW

IPF plus cost-sharing	80 863	
Complementary assistance	150 850	
GRAND TOTAL		231 713

Annex II

PROGRAMME MATRIX a/

DEVELOPMENT THEME	AREA OF FOCUS					
	Management development	Environment and natural resource management	Poverty alleviation	WID	Transfer and adaptation of technology	TCDC
I. CAPACITY-BUILDING FOR IMPROVED GOVERNANCE						
Promotion of good governance and accountability	*			*		*
Promotion of participatory development	*					*
Strengthening structures for reform	*					
II. IMPROVED MANAGEMENT OF DEVELOPMENT PROCESS						
Development planning and policy formulation	*	*				
Social policy formulation and analysis	*		*	*		
Rural development and disaster management		*	*	*		
Environmental and natural resources	*	*	*	*	*	
III. EMPLOYMENT CREATION THROUGH SMALL ENTERPRISES DEVELOPMENT						
Enabling environment for small enterprises development		*	*		*	
Credit to small enterprises development	*		*	*		
Enhanced productivity in small enterprises development	*		*		*	
Support to export promotion strategy			*	*		

a/ Asterisk indicates major linkage only.